



California Pedigree Law: Store Level Impact

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Agenda

- Background
- Safeguards Walgreens currently has in place
- Impact of upcoming pedigree legislation on patient care
- Additional considerations
- Potential solutions



Walgreens Patient Safety Philosophy

- Walgreens prides itself on being "The Pharmacy America Trusts"
- Our patients rely on us to provide them with medications that are safe and effective.
- As an industry leader, we strive for standards that ensure patient safety regardless of the requirements of the law.



Safeguards Currently in Place

- At a corporate level:
 - Walgreens purchases the majority of its drugs directly from the manufacturer.
 - When buying from the "Big Three" wholesalers, we contractually require them to sell us product that they purchased directly from the manufacturer.



Safeguards Currently in Place

- Individual pharmacies are prohibited from:
 - purchasing drugs from outside of Walgreens DC or the company's DSD wholesaler.
 - trading drugs with non-Walgreens entities.



Implementation Status

- Walgreens has taken the following measures to ensure timely compliance with CA law:
 - Communication with trading partners
 - Internal determination of course of action and time to implement
 - Design of procedures, software updates, etc



Estimated Timeline

- Once we know the concrete plans of our upstream partners:
 - 9 months to code new programs
 - 6-9 months to train staff and troubleshoot
- Total implementation time once parameters are set: 15-18 months *Walgreens*

Estimated Time Impact

- Every member of pharmacy staff will need to be trained on:
 - Utilization of hardware and software applications
 - Understanding which hardware and software to use, depending on what technology each manufacturer has chosen
 - Troubleshooting and contingency plans when technology malfunctions *Walgreens*

Estimated Cost Impact

- Estimated cost of implementation: \$25-30 K per store
 - Corporate Investment ~\$2K
 - Labor ~\$3K
 - Software ~\$2K
 - Hardware ~\$21K
- Ongoing costs: \$5-6K per store per year
- Costs could be lowered by standardizing processes across supply chain *Walgreens*
 - Reduction of hardware investment
 - Reduction of personnel training

Impact of Time on Patient Care

- Patient consultation
- Order verification and accuracy
- Technical/customer service questions
- Staff now must be pedigree "experts"
- Potential to decrease patient utilization of pharmacy staff and services *Walgreens*

Impact of Cost on Patient Care

- Costs might be passed on to patients
 - Not reimbursed by third party payors
- Greatest impact on most vulnerable, cash-paying, uninsured patients
 - Limited access to needed meds
 - Decreased compliance
 - Pts may seek alternative sources
 - Unregulated internet pharmacies *Walgreens*
 - Potential for counterfeits to enter system

General Assumptions

- No pedigree required for intra-company movement of product
- Accurate flow of data from manufacturers and wholesalers
- Need clarification on risk-stratification concept from previous meeting *Walgreens*

Other Considerations

- Patient privacy issues
- Pharmacy buyouts
- Potential delay in patient care
- Technology still emerging
 - Still unreliable
 - Still not studied for all drug products

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Suggested Solutions

- Universally interoperable standards
- Inference
- Pooling
- Grandfathering existing inventory
- Phased implementation

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Questions?

Thanks for your time!

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